PROSPECTUS – LEASE DEPARTMENT OF HEALTH AND HUMAN SERVICES SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION SUBURBAN MARYLAND

Prospectus Number: PMD-03-WA13

Congressional District: 8

Executive Summary

The General Services Administration (GSA) proposes a lease extension of up to 228,020 rentable square feet for the Department of Health and Human Services (HHS), Substance Abuse and Mental Health Services Administration (SAMHSA). SAMHSA is currently located at 1 Choke Cherry Road, Rockville, Maryland under a lease that expires August 26, 2014. SAMHSA is planning to move to the Parklawn Building, located at 5600 Fisher's Lane, Rockville, MD, which is scheduled to be ready for occupancy between August 2015 and 2017. SAMHSA is scheduled to move to the Parklawn Building between July and September 2015. GSA is seeking a two-year lease extension to allow SAMSHA to remain in place prior to the move and to provide flexibility in the event of schedule delays at Parklawn. GSA will attempt to negotiate termination rights into the lease agreement to accommodate the long term housing solution at the Parklawn Building.

The proposed space utilization rate at 1 Choke Cherry Road is higher than the HHS overall space utilization standard of 170 USF/person. Space realignment and utilization rate improvement is not cost-effective or feasible for the proposed short-term lease extension at the current location. It would also be highly disruptive to SAMHSA's continuing performance of its mission. However, the agency's planned occupancy of the Parklawn Building will be fully consistent with the applicable HHS space utilization standard.

Description

Occupant: SAMHSA Lease Type: Extension

Current Rentable Square Feet (RSF): 228,020 (Current RSF/USF = 1.07)

Proposed Maximum RSF: 228,020 (Proposed RSF/USF = 1.07)

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Expansion Space RSF: None
Current Usable Square Feet/Person: 275

Proposed Usable Square Feet/Person: 242
Proposed Maximum Leasing Authority: 2 years
Expiration Date(s) of Current Lease(s): 8/26/14

Delineated Area: 1 Choke Cherry Road, Rockville MD

Number of Official Parking Spaces:

Scoring: Operating lease

Maximum Proposed Rental Rate¹: \$35.00

¹ This estimate is for fiscal year 2014 and may be escalated by 1.6 percent annually to the effective date of the lease to account for inflation. The proposed rental rate is fully serviced including all operating expenses whether paid by the lessor or directly by the Government.

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Proposed Total Annual Cost²: Current Total Annual Cost:

\$7,980,700

\$5,329,954 (Lease effective

8/27/2004)

Background

SAMHSA is responsible for improving the delivery and effectiveness of substance abuse and mental health services to the American public. SAMHSA is a national leader in advancing effective services to persons with addictive and mental disorders and has stewardship over important interventions affecting personal, community, institutional, and social values.

Justification

The current lease at 1 Choke Cherry Road, Rockville, Maryland expires on August 26, 2014. SAMHSA plans to move to the Parklawn Building which is currently under renovation. SAMHSA will require continued housing to carry out its mission prior to the Parklawn move. GSA will attempt to negotiate termination rights into a lease agreement to provide a flexible transition for SAMHSA's long-term housing solution.

The maximum proposed rental rate in this prospectus is a projected rate for lease transactions with a future effective (rent start) date consistent with the expiration of the current lease in August 2014. However, this proposed short-term lease extension does not require new tenant space build-out or upgrades needed for a long-term occupancy. GSA will conduct the procurement using prevailing market rental rates as a benchmark and basis for negotiating with the current lessor to ensure that lease award is made in the best interest of the Government. Lease award shall not exceed the maximum rental rate as specified in this prospectus.

Resolutions of Approval

Resolutions adopted by the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works approving this prospectus will constitute approval to make appropriations to lease space in a facility that will yield the required rentable area.

² Any new lease may contain an annual escalation clause to provide for increases or decreases in real estate taxes and operating costs.

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Interim Leasing

GSA will execute such interim leasing actions as are necessary to ensure continued housing of the tenant agency prior to the effective date of the new lease. It is in the best interest of the Government to avert the financial risk of holdover tenancy.

Certification of Need

The proposed pr	oject is the bes	t solution to m	eet a validated (overnment need.

Submitted at Wash	ington, DC, on <u>November 21, 2012</u>	
Recommended:	Commission Public Phildings Samisa	
	Commissioner, Public Buildings Service	
Approved:	27/2/5	
	Acting Administrator General Services Administration	